



LEROY D. BACA, SHERIFF

County of Los Angeles
Sheriff's Department Headquarters
4700 Ramona Boulevard
Monterey Park, California 91754-2169



July 15, 2003

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
Los Angeles, California 90012

Dear Supervisors:

**RECOMMENDATION TO APPROVE AMENDMENT NUMBER ONE
TO AGREEMENT NUMBER 71710 WITH CERNER CORPORATION FOR A
TURNKEY JAIL HOSPITAL INFORMATION SYSTEM (JHIS)
(ALL DISTRICTS) (3 VOTES)**

**CIO RECOMMENDATION: APPROVE (X)
APPROVE WITH MODIFICATION: () DISAPPROVE ()**

IT IS RECOMMENDED THAT YOUR BOARD:

- 1 Approve and instruct the Chair of the Board to execute the attached proposed Amendment Number One to Agreement Number 71710 with Cerner Corporation (Cerner) effective August 11, 2003, which provides for the following actions:
 - Extends the term of the Agreement for a term of three (3) years beyond the current term with the option to extend for up to two (2) additional consecutive one-year periods, during which term Cerner will provide maintenance services in respect to System Software and Interfaces, but not System Hardware, and complete the requirements for final System acceptance.
 - Increases the maximum contract sum by \$5,933,299 to an amount not to exceed \$26,074,305 through the end of the extended term.
 - Modifies the terms of the Agreement to reflect the changes in the System components that have been provided by Cerner and to reflect the actual aggregate amounts paid for the System, including the deliverables, tasks, subtasks, goods, services, and other work provided under the initial Agreement.

- Provides a general release of claims related to amounts owed and paid by the County, amounts credited to the County by Cerner, and tasks, deliverables, goods, and services achieved by Cerner during the original Agreement term.
 - Adds standard County provisions that were adopted after the original Agreement was approved by your Board.
2. Authorize the Sheriff to exercise the two optional one-year extension provisions if it is in the best interest of the County.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS

The purposes of these recommended actions are: (1) to conform the terms of the original Agreement to the deliverables, maintenance, and other professional services that were actually provided; (2) to conform the terms of the original Agreement regarding aggregate amounts allocated for deliverables, maintenance, and other professional services to the actual aggregate amounts paid for each of these categories; (3) to extend the time for Cerner to complete the tasks necessary for final System acceptance; (4) to provide software maintenance services for an additional three years with two one-year extension options; and (5) include new Board-mandated terms that have been adopted since the original Agreement date.

With the original Agreement expiring on August 10, 2003, the Sheriff desires to contract for an additional five years of software maintenance services with Cerner. Hardware maintenance services previously provided by Cerner will be provided under a master agreement with another vendor. The cost for the software maintenance services is not to exceed a total cost of \$5,803,944. Also, under this Amendment, there are contingency funds for County-requested other professional services not to exceed a total cost of \$750,000.

During the implementation of the JHIS project, several dynamics increased and changed the scope of the deliverables. Two of the fourteen modules, Human Resources and Materials Management, were eliminated. A selection of the Human

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Resources component of the project was withheld until the County selected a countywide standard for integrated financial, purchasing and human resources, and payroll software. The Materials Management module functionality was absorbed by other modules within the JHIS software. Amounts that were designated for these two modules were re-allocated to funds available for County-requested other professional services for Medical Services Bureau workflow process changes, for document imaging functionality that was added to the JHIS project, and for other costs not originally anticipated.

An Amendment is required because the Sheriff's Department's project management made changes to the scope of work to be performed and the allocation of funds designated by the original Agreement without seeking prior Board approval. Amendment One has provisions restricting the use of other professional services funds to support services for the JHIS software, software training and general maintenance services. The Sheriff's Department will submit separate contracts for your Board's approval for enhancement or increases in functionality to the JHIS software. As described below, the Sheriff's Department has taken remedial action to prevent a re-occurrence of future unauthorized scope changes or reallocation of contract funds.

The contract term will be extended to allow for Cerner to complete the document-imaging component and for final Systems acceptance. The installation of the document-imaging component requires an upgrade to the Oracle database and of the Cerner software. The Sheriff's Department is currently upgrading the Oracle database and will be ready to install the new Cerner software version during the second half of 2003.

The Sheriff's Department contracted with Coplan & Company to conduct a financial assessment of the JHIS project, including a reconciliation of all invoices for the JHIS project. The Sheriff's Department and Cerner reached a final agreement on the disposition of all unexpended funds, invoices, and deliverables, which resulted in a total \$620,644 reduction in the total original maximum contract sum. This Agreement contains a general release of claims related to amounts owed and paid by the County,

amounts credited to the County by Cerner, and tasks, deliverables, goods, and services achieved by Cerner during the original Agreement term.

Implementation Of Strategic Planning Goals

The proposed Agreement amendment supports the County's Strategic Plan Goal No. 3 (Organizational Effectiveness). Specifically, JHIS Agreement will enable the Sheriff's Department to provide an improved level of inmate medical services to the County in a cost effective manner. The JHIS Agreement with Cerner Corporation is included in the FY 2003-2004 Sheriff's Department's Business Automation Plan and is included within the Sheriff's Department's FY 2003-2004 budget.

FISCAL IMPACT/FINANCING

Approval of this Amendment will increase the original maximum contract sum from \$20,141,006 to \$26,074,305. This increase includes funding for an additional five years software maintenance services for a total cost not to exceed \$5,803,944 for a period of five years, and a contingency amount of \$750,000 for County-requested other professional services, offset by unexpended funds, maintenance, and deliverables credit (contract sum adjustment) of \$620,645.

Original Maximum Contract Sum	\$20,141,006
Contract Sum Adjustment	(\$620,645)
New Maintenance Services	\$5,803,944
Contingency Amount (for other professional services)	<u>\$750,000</u>
New Maximum Contract Sum	\$26,074,305

The Sheriff's Department Inmate Welfare Fund will provide the funding for this Amendment with no net County costs.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

On August 11, 1998, your Board approved this Agreement with Cerner Corporation to develop, implement, and maintain JHIS for the Sheriff's Department for a five-year time period and a maximum contract sum of \$20,141,006. Phase 1 of JHIS consisted of Medical Data Repository, Radiology, Pharmacy, and Laboratory components. This functionality has been implemented and is now in operation at Custody's Medical Services Bureau. Phase 2 consisted of Patient Management and Tracking, Order Management, Care Coordination, Care Documentation, and Medical Records Tracking components. This functionality has also been implemented. Phase 3 consisted of Quality Assurance/Risk Mitigation, Scheduling, and Financials component. Document Imaging was a component added to Phase 3, and the Human Resources and Materials Management components were removed from Phase 3. Implementation of Phase 3 components will be complete in early 2004.

JHIS addresses the concerns and mandates of the United States Department of Justice for improved efficiencies and effectiveness within the inmate health care delivery system. JHIS provides the following specific benefits:

- Provides standardized order entry and clinical documentation, including drug interaction checking, for over 500 concurrent users, including Physician, Nursing, Dietary, Lab, Radiology, and Pharmacy personnel.
- Improves clinical documentation through the automation of 44 clinical forms, consents, and pathways.
- Improves tracking of tests in progress and the automated printing of specimen collection labels.
- Requires less time to place orders, confirm orders, answer calls, and search for results.

Improves health care delivery through immediate access to inmate health information, ability to analyze outcomes, and support quality management.

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- Reduces filing and reporting time for Lab and Radiology results.
Improves processes across functional areas, including Mental Health Department.

The Sheriff's Department has taken remedial action for personnel involved with the project management errors, has required their project managers to complete County-approved project management and contract training, and is developing a virtual project management office.

The Amendment includes Board-mandated provisions that have been approved since the time the original Agreement was signed, including Jury Service, consideration of hiring County employees targeted for layoff, consideration of hiring GAIN/GROW participants, notification to the County when 75 percent of contract sum is reached, no payment for services following expiration, contractor responsibility and debarment, FICA notification, recycled bond paper, COLA adjustment, and the safe-baby haven.

CONTRACTING PROCESS

The existing JHIS Agreement with Cerner for design, development, implementation and hardware and software maintenance services expire on August 10, 2003. Through the proposed Amendment One, Cerner will complete the implementation and enhancement of the JHIS System and provide JHIS software maintenance for an additional three years with two optional one-year extensions.

The proposed Amendment has been reviewed by the Chief Information Officer and approved as to form by County Counsel. The Amendment was negotiated and prepared in concert with outside counsel, Sidley, Austin, Brown & Wood LLP, which recommends Board approval of the Amendment.

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IMPACT ON CURRENT SERVICES

This Amendment will ensure the continued and uninterrupted software maintenance services for JHIS and continue to address the concerns and mandates of the Department of Justice for improved efficiencies and effectiveness within the Sheriff's Department's inmate health care delivery.

CONCLUSION

Upon approval by your Board, please return an adopted copy of this action and two originally executed copies of this Amendment One to the Sheriff's Department, Contracts Administration Unit for further processing.

Respectfully submitted,

Reviewed by,

LEROY D. BACA
SHERIFF

JON W. FULLINWIDER
CHIEF INFORMATION OFFICER